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The Director of Central Intelligence

Washington, D.C. 20505

NIC-01309-88

20 July 1988

Senior Review Panel

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

SUBJECT: Senior Review Panel Comments on Draft
SNIE 14.3-88: Vietnam in Transition:
Prospects for and Implications of Reform,
internally dated 12 July 1988

1. The Panel agrees that significant shifts in Hanoi's policy directions and their implications for the US and others justify a new estimative look. The draft is a good first cut at an SNIE, but its text can benefit from clearer exposition and tightening up.

2. The Economic Basket Case. While the draft leaves little doubt that the economic situation is increasingly desperate for Hanoi, a number of ambiguities and gaps are troublesome.

a. The draft, in our view, underestimates the central role of agriculture in the Vietnamese economy and accepts without examination Linh's view that the Russian concept of perestroika plus increased investment is a remedy for its deterioration. Even a Chinese approach might be better adapted to Vietnam's needs. But an even better model of agricultural vitality exists in Vietnam's pre-war system under which agriculture flourished. Are there no proponents of either in the Vietnam leadership? Some analysis of the limitations of perestroika applied to SEA agriculture would add needed perspective.

b. The draft largely ignores the impact of the military program on the economy--whether in financial, resource, or manpower costs. Some estimate of the proportion of the national economic resource base devoted to the military would seem indispensable.

c. Statistical data throughout the paper needs to be combed out. For example, the text says that according to official statistics economic growth slowed to five per cent. Even though a note observes that Hanoi overstates growth rates, we wonder whether the figure deserves reproduction. This is especially so when the text goes on to state that factories are running at 50 per cent capacity and the Box on "What's Wrong" quotes visiting diplomats as saying the economy is "stagnant" at best. The text states the population at 60 million, but the latest CIA World Fact Book gives a figure of 65.2 million (July 1988).

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3. The Reform Leadership. The policymaker, generally unfamiliar with recent events in Vietnam, will want a clearer exposition of leadership changes following the 1986 Party Congress. Only one name, Linh, emerges from the text. Who are other key leaders in the SRV political scene (e.g., the newly elected Prime Minister--Do Muoi--who reportedly opposes the Communist economic reforms Linh advocates). Which of the foreign affairs experts of the past continue to wield influence (e.g., Le Duc Tho is still a Politburo adviser and a brother of the present Minister of the Interior Mai Chi Tho)? Where do the military stand with regard to the reform package? What are the basic sources of tension within the ruling Party which are only obliquely referred to? The SNIE seems to leave the impression that only Linh matters. Not even during the time of the personality cult of Ho Chi Minh did all other key players get excluded. Perhaps some sort of chart or table listing key SRV figures and what information we have about their views might be helpful.

4. The Military Picture. During this period of transition obviously the position and prospects of the SRV armed forces are crucial. Is a drawdown likely? Who supports? Who opposes? What is likely to happen to the SRV army units which are being withdrawn from Cambodia or have been withdrawn from Laos? Will they provide a source of training/skilled manpower which could stimulate the economy or will they further complicate Vietnam's economic problems? Policymakers will expect a clearer picture of Vietnam's military commitments, deployments, weapons procurement, burdens and their relation to the economy.

5. Soviet Influence. The discussion of Soviet-Vietnamese relations (pages 19-20) seems particularly thin. For example, Gorbachev's interest in encouraging a Cambodian "settlement" is surely not confined to his economic prospects with the ASEAN countries. Much more important is probably his China policy and the removal or reduction of one of Beijing's three "obstacles."

6. Key Judgments. As presently drafted, the Key Judgments are more a summary of the text than forcefully stated intelligence findings. Some of them seem quite questionable.

a. Use of Military Force. The Estimate states that we believe the SRV will "sharply retrench on the use or threat of military force." We do not find anywhere in the text a basis for this judgment. Is it just a hunch? Haven't the Vietnamese surprised us before on this score?

b. The Economy Long-Term. The Key Judgments take the view that "fundamental headway may not be evident for a decade, if then." Some members of the Panel believe the finding unduly pessimistic, failing to take into account the possibility that economic reform in Vietnam may unleash the energies of private enterprise. Other members think it a fugitive and wishful thought. All agree the conclusion lacks support in the paper.

c. Soviet-Vietnamese Relations. The Key Judgment is that somehow a "restructuring of economic relations" has been "mandated by Moscow." Moscow's capacity on this score is certainly not supported in the Estimate. In fact, paragraph 29 states that Moscow's ability to dictate to Hanoi is "limited"--a circumstance that may be strengthened if reports of its intention to reduce its economic subsidies to Vietnam's sick and wasteful economy are valid.

d. US, the Crucial Component? We wonder whether there is adequate evidence to give the US the critical role assigned in the final paragraph of Key Judgments? Do not Japan, Korea, Taiwan, and ASEAN weigh more practically in Hanoi's estimates? What evidence supports the notion that Vietnamese-Americans are eager to invest in the SRV or otherwise promote contacts with Hanoi? (See final paragraph, page 26).


7. Minor Items.

a. On Washington-Hanoi relations, the text argues that "normal relations would appear to augur well for more effective approaches to the array of humanitarian issues that presently dominate the bilateral agenda" (page 25, paragraph 46). Some readers may find the observation gratuitous or a policy prescription; most will think it unsupported by evidence. Thus far US policy places these issues in the forefront of conditions for normalization. Should the sequence be reversed without analysis?

b. We suspect that the second Box on Economic Reform, with its detailed wish lists of the April and August Party plenums, somewhat clutters the text and might in more clearly stated form better be made an Annex.

c. Finally, for an estimate of such serious import as this is for US policy, we wonder whether the titles of some sub-sections--especially under the "Implications of Reform" section--are possibly a bit cutesie.


William Leonhart


John B. McPherson


Richard L. Walker


John D. Wilson

cc: Chairman, NIC
Vice Chairman, NIC
NIO for East Asia

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Vietnam in Transition: Prospects for and Implications
of Reform, internally dated 12 July 1988

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